



TO: GENERAL COMMITTEE

SUBJECT: BARRIE MOLSON CENTRE (BMC) FACILITY RENAMING

WARD: ALL

PREPARED BY AND KEY CONTACT: K. BREEDON, CORPORATE SPONSORSHIP COORDINATOR #5967

SUBMITTED BY: Z. LIFSHIZ, EXECUTIVE DIRECTOR, INVEST BARRIE

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR, INVEST BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Mayor and City Clerk be authorized to execute a 10 year naming rights agreement with CampMart (401 Auto RV Group), in a form acceptable to the Director of Legal Services and Executive Director of Invest Barrie for the City Recreation Facility at 555 Bayview Drive for an amount not less than \$1,650,000.00 (\$165,000 annually) to be paid in monthly instalments of \$13,500.00 over the 10 years of the agreement.
2. That the new name of the Facility be “CampMart Centre” and be included in the 10 year naming rights agreement.
3. That the naming rights agreement include a provision specifying that the first six instalments of the payment schedule, totalling \$82,500.00, be paid upon finalization of the agreement, and that staff apply the funds towards new signage and other upfront costs associated with the renaming.
4. That other proponents be advised of City Council’s decision to award the naming rights.

PURPOSE & BACKGROUND

Purpose

5. The purpose of this report is to:
 - a) Report back to General Committee regarding the investigation concerning the feasibility of achieving a sponsorship agreement, which would generate a minimum of \$200,000/year for the City, for the renaming of the City Recreation Facility located at 555 Bayview Drive (BMC); and
 - b) Provide a recommendation regarding the renaming and new naming rights sponsorship for the facility.

Background

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6. The original naming rights for the “Barrie Molson Centre” was negotiated in 1994 as part of a land swap between the City of Barrie and Molson Canada. The City received 9 acres of land (valued at \$112,000 per acre = approximately \$1 million in value) and in return Molson’s received the naming right to the facility. The naming rights agreement expired in 2018.
 7. City staff met with MolsonCoors Executives on September 28th, 2017 to discuss their interest in continuing on with the naming rights of the Barrie Molson Centre. MolsonCoors later followed up with City staff and declined the opportunity to continue on with the naming rights of the building.
 8. On January 15, 2018, Barrie City Council adopted motion 18-G-002 regarding the BMC specifying:
 - i. That staff in Access Barrie seek out any interested parties in the naming rights opportunity for the Barrie Molson Centre outside of the City’s Purchasing By-law process and report back to General Committee with any recommendations of potential sponsors.
 - ii. That the Barrie Molson Centre be added to the list of assets in the Sponsorship Pilot Program if no interested parties are found.
 9. On January 16th 2018, City of Barrie issued a press release titled “Naming rights for sale at City of Barrie’s premier arena”. The press release identified that the City of Barrie wanted to hear from individuals or businesses interested in securing the naming rights to the BMC as the name would be replaced by the end of 2018. Interested parties were to express their interest to City staff by March 1st 2018.
 10. City staff also created an email campaign with information about the opportunity and sent it to the local business community. In addition there was a list of national companies created that the opportunity was sent out to, along with being promoted via Canadian News Wire, social media, local media coverage and the City of Barrie website. All expressions of interest were to be received by March 1st 2018.
 11. Following outreach by City staff to respondents of the expression of interest, 8 companies were shortlisted and engaged in preliminary discussions regarding the naming rights opportunity.
 12. After several meetings and discussions, and assessing the best offer from the companies on the shortlist, staff brought forward a recommendation for a 25 year naming rights agreement. On June 18, 2018, City Council adopted motion 18-G-151 referring the matter back to staff to undertake further investigation to determine if it would be feasible to achieve a sponsorship agreement for the renaming of the Centre that would generate a minimum of \$200,000/year for the City, with a report back to General Committee on the results of the investigation.

ANALYSIS

BMC Naming – Value Investigation

13. In 2016, Invest Barrie commissioned an independent evaluation of the naming rights opportunity for the BMC. This work was conducted by the Centre of Excellence for Public Sector Marketing.
14. As part of the independent evaluation, the facility was valued based on a detailed review of both tangible and intangible value. Some examples of the types of tangible and intangible value items that were considered include:
 - a) Tangible – Branded name on Building exterior on high traffic streets.

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- b) Tangible – Rotating Ad on Marquee
 - c) Tangible – Name on City Printed Materials
 - d) Intangible – Prestige, Recognition and Reputation
 - e) Intangible – Uniqueness of the opportunity
 - f) Intangible – Media exposure (such as news coverage)
15. Based on the performed analysis, the report identified a Baseline Value Range for the BMC between \$125,000 and \$150,000 per year.
 16. The valuation report identified that the estimate value range is in line with similar OHL facilities (those facilities with under 5,500 Seating Capacity), where the average price is \$137,334 per year.
 17. Since the valuation report was based on 2016 values, the corporate sponsorship coordinator looked at current OHL naming rights agreements and the associated values. It was found that there are 12 OHL arenas with seating capacity of 5,500 or less. Of those, there are 6 arenas that have active naming rights sponsorships. Based on those 6 arenas, the average naming rights contract is \$140,667 per year.
 18. It should be noted that some of the OHL facilities included in the average contract value calculation include internal activation capability for the sponsors. Internal activations are opportunities such as advertising, product sales or the ability to engage with the audience through promotions, contests, and “give aways” during Colts games. Internal activations are often a major value-driven aspect of a naming rights, as they can enhance the value of a sponsorship. Unlike some of the other OHL comparator facilities, the City of Barrie has limited capacity to offer such internal activations as part of a naming rights agreement.
 19. There are noteworthy limitations to negotiating a new contract for the renaming of the BMC. The City of Barrie has limited control and has to work within existing third party tenant contracts. The City does not control food and beverage rights including all pouring rights. The City does not control product sales and promotions within the building, or interior advertising. Consequently the City cannot provide exclusivity to any new sponsor coming on board. This reduces the value that can be achieved in a naming rights agreement when compared to some OHL facilities.
 20. Should a new naming rights sponsor seek internal activations such as advertising, product sales or the ability to engage with the audience through promotions, contests, “give aways” during Colts games, etc within the facility, the sponsor will be required to engage directly with Horsepower Sports and Entertainment as these value components are not included as part of the facility naming rights.
 21. Of the 12 OHL arenas with under 5,500 Seating Capacity (6 of which have current naming rights agreements), 1 facility had an annual agreement valued at \$200,000 per year or more. The facility is the Meridian Centre, home to the Niagara Ice Dogs. The annual amount of the naming rights sponsorship is \$209,200. It should be noted that the facility is relatively new (opened in 2014), and is situated in a community of 229,000 people. In addition, utilization at the facility is high as OHL games at the Meridian Centre facility sold 95% of available seats on average in the 2018-2019 season.
 22. Staff do not believe that achieving \$200,000 per year to the City is feasible given the age of the facility at 555 Bayview Drive, Barrie’s smaller population, the limited ability to achieve internal

activations that would add value to the naming rights arrangement. In addition, unlike some of the other OHL arenas, the BMC is located within relative proximity to other facilities where non-OHL programming can be held (such as Casino Rama and facilities in York Region), which results in fewer rental days at the BMC.

BMC – Naming Rights Outreach and Proposals

23. The corporate sponsorship coordinator is responsible for promoting an approved list of corporate assets, including the BMC.
24. The effort to secure a naming rights agreement for the BMC has been a priority for the sponsorship coordinator. Those efforts included:
 - a) An outreach to all parties that had expressed an interest in the facility in response to the January 16th, 2018 press release issued by the City titled “Naming rights for sale at City of Barrie’s premier arena”; and
 - b) Approximately 50 other individuals, which had been on a possible prospect list, as well as other companies suggested to the City, were contacted.
25. CampMart is one of Canada’s Largest and Fastest Growing RV Dealership Groups with locations in Barrie, Cambridge, London, Peterborough, Ingersoll, Hamilton and Ottawa (opening late 2019). The company is a community-focused and proudly Canadian. The CampMart brand is family-orientated, promoting the idea that families can disconnect to reconnect. Camping, family time and the promotion of an active lifestyle is aligned with the City of Barrie’s brand of “Well Played” and “Well Connected”, as well as the lifestyle that many Barrie residents already live.
26. After several meetings and discussions with CampMart, the company offered a sponsorship of \$1,650,000.00 for a 10 year term. Campmart has offered to pay \$165,000.00 per year, paid in monthly instalments with post-dated cheques. CampMart has further offered to pay the first six instalments upon finalization of the naming rights agreement. This amount, which totals \$82,500.00, will be applied by the City towards costs associated with changing the signage on the facility as well as other upfront costs associated with the proposed CampMart naming rights agreement.
27. Draft details of the proposed Naming Rights agreement include the following:
 - a) The facility is proposed to be named “CampMart Centre”.
 - b) The new building signage will include a design that is LED backlit and elevated along the west side of the Building (from Bayview Drive) and the north side of the building (from the large parking lot on the north side).
 - c) The Marquee Sign on the corner of Mapleview and Bayview is to be replaced or refurbished.
 - d) Pending appropriate approvals, a permanent trailer displayed on one of the north/west islands on the property. A CampMart trailer will be placed along with picnic tables (creating a camping display).
 - e) Posts at the east entrance of the facility will be wrapped with the CampMart Centre logo.

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- f) Branded magazine boxes around the interior/exterior of the CampMart Centre with Free CampMart Magazines for guest to take. Managed and maintained by CampMart.
 - g) CampMart Centre flags and/ or Canadian Flags to be hung on the light poles around the CampMart Centre. Specific number and location of flags to be determined as part of the implementation.
 - h) Use of the facility and parking lots by CampMart for a total of 8 days per year, for RV/Outdoor shows or other event hosted by CampMart.
 - i) First right of refusal for any additional available dates (that have not been booked). Additional days of usage of the facility and/or parking lots will be subject to standard facility and parking lot usage fees.
 - j) CampMart Centre name in the ice around centre ice ring.
 - k) All interior and exterior signage that is owned by City of Barrie or grandfathered in, including 27 sections signs, to be changed to CampMart Centre.
 - l) CampMart Centre name to be included in promotional materials, advertisements, etc related to events held at the facility.
28. Any renewals of the naming rights sponsorship must be mutually agreed upon in writing.
29. Should City Council approve of the arrangement, CampMart will work with Access Barrie to finalize the design of the CampMart Centre sign that will appear on the building.

ENVIRONMENTAL MATTERS

30. There are no environmental matters related to the recommendation.

ALTERNATIVES

31. The following alternatives are available for consideration by General Committee:

Alternative #1 General Committee could decline the sponsorship offer made by CampMart (401 Auto RV Group) in respect to the naming of the arena at 555 Bayview Drive. Staff would then continue to promote the arena as part of the broader sponsorship asset list.

The alternative is not recommended as the offer exceeds the valuation done by an outside consultant, and also exceeds the average annual sponsorship value of OHL facilities with seating capacity under 5,500.

FINANCIAL

32. This offer exceeds the valuation completed by an outside consultant, and also exceeds the average annual sponsorship value of OHL facilities with seating capacity under 5,500.
33. The proceeds from the sale of the naming rights will be allocated to a sponsorship revenue account, thereby contributing to the City's overall annual operating revenue.

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34. Payments for the proposed CampMart Centre naming rights sponsorship will be paid in monthly instalments over a 10 year period. The annual amount will be \$165,000.00 per year.
35. As part of the proposed naming rights agreement, the City of Barrie will incur costs associated with the naming rights changeover. For this reason the City has requested that the first 6 monthly instalments of the agreement, totalling \$82,500.00, be paid upon finalization of the naming rights agreement.
36. These funds will be applied by the City towards costs associated with changing the signage on the BMC facility as well as other upfront costs associated with the agreement, as follows:
- a) Updated signage on the west facing side of the facility is to be paid by the City of Barrie – estimated at \$25,000.
 - b) New signage on the North facing side will be shared between CampMart and the City of Barrie – the City’s portion is estimated at \$12,500.
 - c) All other interior and exterior signage that is owned by City of Barrie or grandfathered in, including 27 sections signs and frosted glass signage on all doors, is to be paid by the City of Barrie – estimated at \$11,600.
 - d) The Marquee Sign on the corner of Mapleview and Bayview is to be replaced or refurbished. Cost of production and installation to be shared by City of Barrie and CampMart – the City’s portion is estimated at \$22,650.
 - e) Name of CampMart Centre in ice around centre ice ring is to be paid by the City of Barrie – estimated at \$1,800.
37. In addition to the upfront costs, the proposed agreement includes the use of the facility and parking lots for a total of 8 days per year for RV/Outdoor shows or any other event hosted by CampMart. While there is certainly value associated with renting the facility and parking lots, the events will occur on dates where no other events have not been booked, and when no Colts games are scheduled, so as to not reduce any existing revenue to the City. As such, the cost associated with the 8 days of rental can primarily be considered opportunity cost, except for hard costs such as ice coverage.
38. The anticipated usage of the facility includes one outdoor event in August (in the parking lot) for 3-4 days including load in/load out. The second event will take place inside the facility, during an available date from February to April, and will also be for 3-4 days including load in/load out. The internal event will include ice coverage service from the City. This number of days of facility and parking lot usage has an estimated opportunity cost of \$26,000 per year. However, the dates that have been tentatively held for CampMart’s usage are dates on which there has not historically been other usage at the facility.

LINKAGE TO 2018–2022 STRATEGIC PLAN

39. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:
- Responsible Spending
40. The recommendations identified would enhance non tax-base revenue for the City.